

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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FLOOR DEBATE

February 19, 2003 LB 127, 563

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement.

SENATOR CUDABACK: LB 563 does advance to E & R Initial. Mr. Clerk, next agenda item.

CLERK: LB 127. It's a bill by Senator Quandahl. (Read title.) The bill was introduced January 10, referred to the Banking, Commerce and Insurance Committee, advanced to General File. I have no amendments to the bill at this time.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Quandahl, to open on advancement of LB 127.

SENATOR QUANDAH: Thank you, Senator Cudaback and members of the body. I believe I heard Senator Baker saying that some of the previous bills were colorless. I can say that LB 127, which was advanced unanimously from the Banking, Commerce and Insurance Committee, probably, if you're going to assign it a color, would be bright beige. LB 127 would amend Section 21-2602 of the Limited Liability Company Act to repeal provisions which prohibit a limited liability company from being organized as a financial institution; financial institutions in the state of Nebraska being defined as banks, trust companies, industrial loan and investment companies, credit unions or building and loan associations. Just a little bit of background information on LB 127, which, again, the purpose behind it is to eliminate a restriction on the ability of a financial institution to conduct business as an LLC in the state of Nebraska. There was a proposed "rulemaking" that was before the FDIC relating to the ability of a state-chartered bank conducting business as an LLC to qualify for FDIC insurance. Again, I was going to say it was proposed, but I understand from talking to Bob Hallstrom just this morning that the rules have actually been put in place by the FDIC that would allow for certain state-chartered institutions operating as LLCs to qualify for FDIC insurance. In analyzing the attributes commonly identified as distinguishing corporations from other forms of business organizations which would have to exist for a bank to be organized as an LLC, the FDIC made the following comments; first of all that LLC would have to have perpetual succession. It would have to be able to be in existence